

No. 15,608

IN THE

United States Court of Appeals
For the Ninth Circuit

VINCENT I. WHITMAN,

Appellant,

VS.

WALT DISNEY PRODUCTIONS, INC., et al.,

Appellees.

OPENING BRIEF FOR APPELLANT.

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INTRODUCTION.

This is an appeal from a judgment dated January 29, 1957, rendered by Judge Ben Harrison in the United States District Court, Southern District of California, dismissing the patent infringement suit by appellant Whitman against Walt Disney Productions, Inc., et al. The patent involved is No. 2,075,684 issued March 30, 1937.

JURISDICTION.

The action was brought under the Patent Laws of the United States (35 U.S.C. §281) and jurisdiction of the District Court was based on 28 U.S.C. §1338.

This court has appellate jurisdiction under 28 U.S.C. §1291.

STATEMENT OF THE CASE.

The complaint (R 3)* states a cause of action for patent infringement based on the method, apparatus and systems employed by defendants in making certain animated motion pictures including: "Snow White and the Seven Dwarfs," "Pinocchio", "Bambi", "Peter Pan" and "Cinderella".

On motion by defendants (R 18) the case was set for trial on the issue of laches only, under Rule 42(b).

The record comprises merely a stipulation of facts (R 19-22) and selected portions of the deposition of plaintiff-appellant (R 37-59).

Although an injunction was prayed for in the complaint the patent expired during pendency of the suit thus leaving only the issue of an accounting and damages.

A suit (Civil Action Doc. 5/478) similar to the present one was filed in the United States District Court for the Southern District of New York in 1939 but was dismissed for improper venue.

A second suit (Civil Action No. 947-BH) was filed in the United States District Court for the Southern District of California in 1940 and was dismissed without prejudice in 1943 for want of prosecution. The instant suit was filed in 1953.

*Numbers preceded by "R" in parenthesis refer to pages in the Transcript of Record.

The opinion of the lower court (R 23-29) dismissing the suit is based on a finding of laches attributed to the plaintiff in waiting from 1943 to 1953 before re-filing the suit against the same defendants.

SPECIFICATION OF ERRORS.

The errors relied on in this appeal may be stated as follows: 1. The decision appealed from is based on facts not in evidence; 2. The decision of the lower court is contrary to law.

ARGUMENT.

**1. THE FACTS OF RECORD DO NOT SUPPORT
A FINDING OF LACHES.**

This case was submitted to the District Court on a stipulation of facts (R 19-22) and selected portions of the deposition of plaintiff (R 37-59).

A careful reading of the stipulation of facts and the deposition of plaintiff fails to uncover any showing of even the slightest detriment suffered by defendants as a result of the delay in filing the instant suit.

Despite this glaring lack of evidence of damage to defendants the lower court's decision stresses the injury to the defendants as a reason for the finding of laches. For example, the following statements by the trial judge, beneficial to defendants' cause, find absolutely no basis in the record:

“Defendants, on the other hand, have invested millions of dollars of time, effort and capital in

establishing Walt Disney movies as an American institution. This venture has paid handsome rewards, not only in profit to defendants but in entertainment to millions of children and adults the world over. Whatever claim plaintiff may have had for originating or perfecting this new form of art, defendants alone were responsible for making it a commercial success. (R 28).”

When detriment to the defendant is relied upon to establish laches the cases uniformly hold that evidence of such detriment should be proved. *Edward B. Marks Music Corporation v. Charles K. Harris Music Publishing Co., Inc.*, 255 F. 2d (C.A. 2, 1958), 117 U.S.P.Q. 308; *Hartford-Empire Co. v. Swindell Bros.*, 96 F. 2d 227 (C.A. 4, 1938).

2. THE DECISION OF THE LOWER COURT IS CONTRARY TO LAW.

There is no statute of limitation applicable to suits for patent infringement

The statute (35 U.S.C. §286) referred to by the trial judge is not one limiting the time within which a suit must be brought but is merely a “qualification or condition upon the right of recovery”. *Peters v. Hanger*, 134 F. 586 (588) (C.A. 4, 1904). (Construing the similar statute in effect at that time.) *Hartford-Empire Co. v. Swindell Bros.*, 96 F. 2d 227 (C.A. 4, 1938).

As emphasized by Judge Parker in the *Hartford-Empire* case (P. 233) the applicable statute merely

“limits the recovery of profits and damages to those arising from infringements committed within six years prior to the institution of suit 35 U.S.C.A. §70 (now 35 U.S.C.A. §286); and we know of no other period of limitations which can be invoked by an infringer to bar recovery.”

In the *Hartford-Empire* case the importance of evidence of facts showing that the delay prejudiced the defendant is noted in the following passage (96 F. 2d 232):

“We find no merit in the defense of laches with respect to the assertion of the claim of plaintiff either against the defendants, Swindell Bros., or against the intervener, the Amsler Morton Company, which has assumed the defense of the suit. There is no evidence that the delay in instituting suit has resulted in injury or prejudice to either of these parties, or that there has been any such change of circumstances as the result of such delay as would render it inequitable for plaintiff to be granted protection by injunction at this time with damages for past infringement.”

See also:

Middleton v. Wiley, 195 F. 2d 844 (847) (C.A. 8, 1952);

and

Donner v. Walgreen Co., 44 F. 2d 637 (D.C. Ill. 1930).

The frequently quoted case of *Drum v. Turner*, 219 Fed. 188 (C.A. 8, 1914) is in point here and particularly the following statement of the applicable law (p. 198):

“It is argued that because Norcross brought no suit for infringement of his patent for many years and embodied it in few buildings and sold it to the plaintiff for some \$2,000, the latter is estopped by laches and by this silence and inactivity in its grantor from maintaining this suit for an infringement of the patent. But this patent was of record and was itself notice to the defendant and to all the world that the owner of it held the exclusive right to make, use, and sell the flooring which it secured, and that any one who made, sold, or used it violated that right. Neither Norcross nor the plaintiff ever withdrew that notice, neither of them ever in answer to any inquiry of the defendant, by act or deed, renounced or indicated that he would renounce his right to prosecute for such trespasses. Delay and silence within the life of a patent, unaccompanied by such acts or silence of the owner as amount to inducing deceit and thereby to an equitable estoppel, and the evidence fails to satisfy that there have been any such acts or omissions in this case, will not deprive such owner of his right to recover for an infringement of the exclusive rights secured to him by the patent. It is no defense to a suit for an injunction and an accounting on account of the continuing trespasses of an infringer that the latter has been trespassing on the rights of the owner of the patent for years with impunity. *Mendenez v. Holt*, 128 U.S. 514, 523, 9 Sup. Ct. 143, 32 L. Ed. 526; *McLean v. Fleming*, 96 U.S. 245, 253, 24 L.Ed. 828; *Stearns-Rogers Mfg. Co. v. Brown*, 114 Fed. 939, 944, 52 C.C.A. 559, 564; *Ide v. Torlicht, Duncker & Renard Carpet Co.*, 115 Fed. 137, 148, 53 C.C.A. 341, 352. The plaintiff was not estopped from maintaining his suit.”

Although the Court of Appeals for the Ninth Circuit has followed the general rule that "the burden of proving the defense of laches or estoppel is on the defendant", *National Nut Co. v. Sontag Chain Stores*, 107 F. 2d 318 (C.A. 9, 1939), the trial judge relied on this court's decision in *Gillons v. Shell Co. of California*, 86 F. 2d 600 (C.A. 9, 1936) to support his holding that the burden of proof is on plaintiff to show that the defendants were not injured by the delay.

However, a reading of the *Gillons* case shows that injury actually shown to have been suffered by defendant was considered to be a strong factor in the determination of laches. In the instant case no injury to defendants can be found in the record.

Furthermore, this is not a situation where plaintiff has lulled defendants into a feeling of security or has done some act to indicate that the charges of infringement had been dropped.

On the contrary, although plaintiff had consented to dismissal of the previous case during the war years, such dismissal was without prejudice, a fact in itself giving notice that further litigation was to be anticipated.

The mere fact that defendants continued their infringement with impunity for many years is not in itself a defense to a claim for damages. *Menendez v. Holt*, 128 U.S. 514, 9 Sup. Ct. 143.

CONCLUSION.

The decision appealed from is based on the fact that plaintiff delayed a period of ten years after dismissal of the previous suit. However, by the previous suit defendants were put on notice of plaintiff's claim of infringement and had no reason to believe that such claim had been dropped.

Defendant's continued infringements after dismissal of the original suit created new causes of action in plaintiff and no immunity from suit can be claimed merely because plaintiff delayed the second suit and thus reduced the potential value of his recovery because of the six year limitation on damages under 35 U.S.C. §286.

Under the circumstances plaintiff is entitled to his day in court to at least attempt to prove damages accruing within the six years prior to filing suit.

It is therefore urged that the decision of the trial court be reversed.

San Francisco, California,

July 28, 1958.

Respectfully submitted,

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